

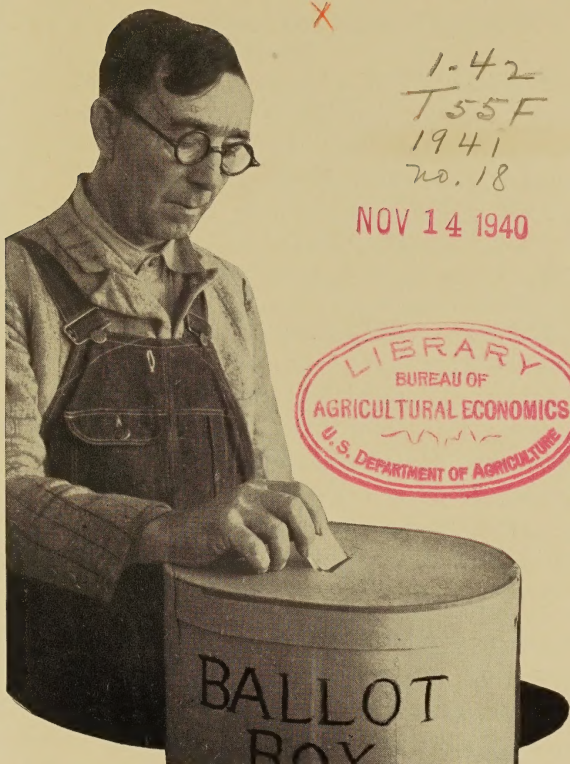
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U.S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

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BURLEY TOBACCO

Referendum

SATURDAY
November 23
1940

Supply and Consumption

CROP AND SUPPLY.—The 1940 crop is about 25 percent smaller than the 1939 crop. But because of the large 1939 crop, present stocks amount to about 750 million pounds, compared with 684 million pounds a year ago. Therefore, the total supply (crop and stocks) is almost as large as it was a year ago.

DOMESTIC CONSUMPTION AND EXPORTS.—There has been no material change in the amount of Burley tobacco used in this country during the past 4 years. Its use in cigarettes has increased while its use in chewing tobacco has declined. Only about 4 percent of the annual production or nearly 13 million pounds is exported each year. The war has cut off most of these exports.

COMPETITION.—There is little or no competition between Burley and flue-cured tobacco. Both types are used in the same products, but each has its own place in these products.

PRODUCTION AND PRICE.—The amount of Burley marketed over a period of years is determined by consumption. Excess production does not increase consumption, but results in surplus supplies and low prices to farmers.

Situation Without Quotas

INCREASED PRODUCTION.—Without quotas a 1941 crop of at least 400 million pounds is likely. Such a prospect would lower prices for

the 1940 crop. Should such a large crop be grown the surplus would lower prices for future years.

EXPANSION.—Without quotas there is no restriction on the number of new growers or the acreage of old growers. Many new growers produced Burley in 1937 and 1939 when there was no market regulation. The number of Burley growers increased 50 percent in the past 5 years, and most of the increase was in 1937 and 1939. This expansion took place in all Burley States.

Situation With Quotas

INCOME PROTECTED.—When marketings are adjusted to demand growers get better prices. With quotas, cooperating growers market a larger proportion of the crop and non-cooperators cannot profit at the expense of cooperators as in 1937 and 1939.

THREE-YEAR QUOTAS.—Recent amendments to the act authorize quotas for a 3-year period, 1941–43. The amendments also provide for stabilization of farm acreage allotments and stronger enforcement provisions.

Advantages of 3-Year Quotas

FARM ALLOTMENTS.—With quotas in effect for 3 years, farm allotments for 1941 would be the same as the 1940 allotments. With quotas in effect for 1 year only, a 10-percent reduction in the allotments would be needed. If the 1940

crop turns out to be materially smaller than present indications, the 1941 allotments could be increased proportionately.

ALLOTMENTS STABILIZED.—Under 3-year quotas no 1940 farm allotment of more than 1 acre can be reduced by more than 10 percent during the entire 3-year period. No 1940 farm allotment of 1 acre or less can be reduced at all during the 3-year period. These provisions, however, do not apply in case of a violation of the quota law. With these guarantees farmers can make plans without fear of drastic changes from year to year.

BETTER PRICES.—With quotas for a 3-year period growers can expect better prices than with quotas for a 1-year period.

Enforcement Under Quotas

COOPERATORS.—Farmers who stay within their acreage allotments can sell their entire production without penalty.

MARKETING CARDS.—There will be no transfer or sale of marketing cards.

PENALTIES.—The penalty on the marketing of excess tobacco is 10 cents per pound. Collection of penalty begins with the first sale.

In case tobacco from one farm is marketed on the card for another farm, the penalty due on such tobacco will be collected from the operator of the farm on whose card the tobacco is sold, and the allotment for both farms will be

reduced in the next year by the amount of the tobacco so marketed.

Any producer who falsely identifies or fails to account for the disposition of his tobacco is liable for a penalty of 10 cents per pound times the normal yield on the excess acreage for his farm, in addition to any other penalty.

Penalties are provided in case any warehouseman, dealer, or buyer evades payment of penalty or fails to keep records and make reports.

Summary

Supplies of Burley tobacco are still large since the reduced production in 1940 does not entirely offset the increased carry-over from the large 1939 crop.

Without regulation of marketings a large crop may be expected in 1941. One year without quotas may result in a situation requiring several years to correct.

Lack of regulation in 1937 and 1939 resulted in expansion of production and a substantial increase in the number of persons producing Burley tobacco. Prices can be maintained at a higher level with 3-year quotas than with 1-year quotas. A reduction in farm allotments will be needed if 1-year quotas are adopted, but this reduction can safely be postponed, and possibly avoided, if quotas are adopted for 3 years. The decision of the Burley growers will be final.

Flue-cured growers recently voted 6 to 1 in favor of 3-year quotas.

Referendum

ELIGIBLE VOTERS.—Any farmer who shares in the proceeds of the 1940 Burley crop as a landlord, share tenant, or sharecropper will be eligible to vote in the referendum.

QUESTIONS ON BALLOT.—Growers will vote on three questions: (1) Are you in favor of quotas for 3 years? (2) Are you opposed to quotas for 3 years but favor the quota for 1 year? (3) Are you opposed to quotas?

VOTING PLACE.—The county committee will announce voting places.

GROWERS' DECISION FINAL.—Every Burley grower should carefully consider the issues and vote on November 23, 1940. Decision of the growers will be final.

